GOVERNMENT OF INDIA
DISINVESTMENT
LOK SABHA

UNSTARRED QUESTION NO:3218
ANSWERED ON:11.08.2000
ACCORDING STRATEGIC STATUS TO PSU(S)
AMBATI BRAHMANAIAH;GADDE RAMAMOHAN;M.V.V.S MURTHI;SHIVAJI MANE

Will the Minister of DISINVESTMENT be pleased to state:

(a) whether the Cabinet Committee on Disinvestment has recently decided thatthe disinvestment of public sector enterprises will be decided on case to case basis;

(b) if so, the details thereof;

(c) whether the Government have examined the concept of industries in the public sector earmarked for disinvestment as having `strategic value`;

(d) if so, the definition of strategic value;

(e) whether the Government have not accepted the views of the participants that oil and heavy engineering companies should be accorded strategic status; and

(f) if so, the reasons therefor?

Answer

Minister of State of the Department of Disinvestment (Shri Arun Shourie)

(a) & (b) The disinvestment policy of the Government clearly states that while Government would continue to retain majority holding in the Public Sector Enterprises involving strategic considerations, in the generality of the cases the Government`s shareholding would be brought down to 26% or below. It has been decided that reduction of Government share to 26% or below would not be automatic and the manner and pace of doing so would be decided at the time, the specific Central Public Sector undertaking is considered for disinvestment. A decision in regard to the percentage of disinvestment i.e., Government share going down to less than 51% or to 26%, would be taken on the following considerations:

(i) Whether the Industrial sector requires the presence of the public sector as a countervailing force to prevent concentration of power in private hands, and

(ii) Whether the Industrial sector requires a proper regulatory mechanism to protect the consumer interests before Public Sector Enterprises are privatised.

(c) & (d) It has been decided that the Strategic Public Sector Enterprises would be those in the areas of:

(i) Arms and ammunitions and the allied items of defence equipment, defence air-crafts and warships

(ii) Atomic energy (except in the areas related to the generation of nuclear power and applications of radiation and radio-isotopes to agriculture medicine and non-strategic industries)

(iii) Railway transport

(e) & (f) The Companies operating in the oil and heavy engineering sectors are also covered under the disinvestment policy as stated above.